

SUMMARY ANALYSIS OF AMENDED BILL

Author: Olberg Analyst: Roger Lackey Bill Number: AB 1494
Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 05-13-98
Attorney: Doug Bramhall Sponsor:

SUBJECT: Armed Forces Service Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED February 24, 1998, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

This bill would reinstate the prior Military Service Income Credit that expired and was last available for the 1991 taxable year. The credit would be equal to 4% of the total amount of eligible income received by a qualifying taxpayer during the taxable year to a maximum of \$40.

SUMMARY OF AMENDMENT

The May 13, 1998, amendment added a sunset date that the Military Service Income Credit would apply for each taxable year beginning on or after January 1, 1999, and before January 1, 2006. As a result, the first policy consideration in the department's analysis of AB 1494 as amended February 24, 1998, is resolved.

The remaining policy and technical concerns identified in the department's prior analysis with the suggested amendments are included below.

Except for the above discussion, the department's analysis of AB 1494 as amended February 24, 1998, still applies.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

☒ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
☐ PENDING

Agency Secretary Position:

☐ S ☐ O
☐ SA ☐ OUA
☐ N ☐ NP
☐ NA ☐ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved _____
Position Disapproved _____
Position Noted _____

Department/Legislative Director Date
Johnnie Lou Rosas **5/21/98**

Agency Secretary Date

By: Date:

Policy Considerations

This bill would use the same income limitations as the expired credit. Because of a recent increase in dependent credits the level at which some taxpayers have a tax liability has increased. As a result, some taxpayers may not receive the full tax benefit intended by the author.

Technical Considerations

The language of the bill would describe "eligible income" as salary, wages, bonuses, allowances and other compensations received by an individual for his or her services on extended active duty or on other than extended active duty as a member of the Armed Forces of the United States. Since compensation for extended active duty and other than extended active duty are both considered "eligible income," it would seem redundant to define each in a separate paragraph of the bill. As a result, Amendments 1, 2, and 3 are provided to eliminate this redundancy.

Analyst Roger lackey
Telephone # 845-3627
Attorney Doug Bramhall

FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1494
As Amended May 13, 1998

AMENDMENT 1

On page 2, line 16, strikeout "on extended active duty".

AMENDMENT 2

On page 2, line 18, after "thereof." strikeout "For the purposes of this" and lines 19 to 22.

AMENDMENT 3

On pages 2, strikeout lines 28 to 32.

@@@Note TO LEGISLATIVE COUNSEL- Renumber remaining paragraphs (4) and (5), and references therein to paragraphs (3) and (4), respectively.